

CASS COUNTY ENVIRONMENTAL CONTROL AGENCY

INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Cass County Environmental Control Agency

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Cass County Environmental Control Agency

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Raymond Zellmer	Chairperson	City of Wiota
Duane McFadden	Vice Chairperson	Cass County
Frank Waters	Member	Cass County
Dennis Zimmerman	Member	City of Anita
Ashley Hayes	Member	City of Atlantic
Kathy Somers	Member	City of Atlantic
Virginia Coughlin	Member	City of Cumberland
Barry Moore	Member	City of Griswold
Matt Klein	Member	City of Lewis
Lori Holste	Member	City of Marne
Kevin McCunn	Member	City of Massena
Wendy Wittrock (resigned June, 2015)	Manager, Secretary-Treasurer	
Brandi Hansen (appointed September, 2015)	Manager, Secretary-Treasurer	

# Gronewold, Bell, Kyhnn & Co. P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Cass County  
Environmental Control Agency

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of Cass County Environmental Control Agency (a 28E Organization) as of June 30, 2015 and 2014 and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of the Cass County  
Environmental Control Agency

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Cass County Environmental Control Agency as of June 30, 2015 and 2014 and the changes in its financial position, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis on pages 4 through 4c be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2015 on our consideration of Cass County Environmental Control Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

*Conner, Ben, Kuhn & Co. P.C.*

Atlantic, Iowa  
September 15, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Cass County Environmental Control Agency (Agency) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- The Agency's operating revenue increased 2.7%, or \$22,783 from fiscal year 2014 to fiscal 2015.
- The Agency's operating expenses were 2.7%, or \$26,312 lower in fiscal year 2015 than in fiscal 2014.
- The Agency's net position decreased \$73,635 from June 30, 2014 to June 30, 2015.

### **USING THIS ANNUAL REPORT**

The Cass County Environmental Control Agency's accounts are organized as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Agency presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenue and expenses, nonoperating revenue and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## FINANCIAL ANALYSIS OF THE AGENCY

### *Statement of Net Position*

Net position may serve over time as a useful indicator of the Agency's financial position. A summary of the Agency's net position at June 30, 2015 and 2014 is presented below.

	<u>2015</u>	<u>2014</u>
Current assets.....	\$ 109,438	\$ 101,797
Noncurrent restricted assets.....	243,189	212,571
Capital assets.....	<u>1,930,793</u>	<u>2,091,751</u>
Total Assets	2,283,420	2,406,119
Current liabilities.....	216,098	233,874
Noncurrent liabilities.....	<u>1,669,962</u>	<u>1,701,250</u>
Total Liabilities	1,886,060	1,935,124
Net Position		
Invested in capital assets.....	1,366,223	1,429,831
Restricted / Unrestricted.....	<u>( 968,863)</u>	<u>( 958,836)</u>
Total Net Position	<u>\$ 397,360</u>	<u>\$ 470,995</u>

A portion of the Agency's 2015 net position are restricted for closure and postclosure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of 30 years after closure.

### ***Statement of Revenue, Expenses and Changes in Net Position***

Operating revenue is received for fees from accepting solid waste from the residents and businesses of the county. Operating expenses are expenses paid to operate the landfill. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. Non-operating revenue and expenses include interest income and changes in the fair value of investments. A summary of revenue, expenses and changes in net position for the years ended June 30, 2015 and 2014 is presented below:

	<u>2015</u>	<u>2014</u>
Operating revenue.....	\$ 874,229	\$ 851,446
Operating expenses.....	<u>937,843</u>	<u>964,155</u>
Operating Loss.....	( 63,614)	( 112,709)
Net nonoperating revenue (expense).....	<u>( 10,021)</u>	<u>( 16,746)</u>
Change in Net Position.....	( 73,635)	( 129,455)
Net Position – Beginning of Year.....	<u>470,995</u>	<u>600,450</u>
Net Position – End of Year.....	<u>\$ 397,360</u>	<u>\$ 470,995</u>

In fiscal 2015, operating revenue increased by \$22,783, primarily a result of the increased tonnage disposed of in the landfill. Operating expenses decreased by \$26,312, primarily due to monitor well installation the previous year.

### ***Statement of Cash Flows***

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities in fiscal 2015 includes landfill fees and recycling revenues reduced by payments to employees and to suppliers. Cash used in capital and related financing activities in fiscal year 2015 includes the purchase of capital assets, and proceeds and payments on long term debt.

### **CAPITAL ASSETS**

At June 30, 2015 the Agency had approximately \$1,930,793 invested in capital assets.

### **LONG-TERM DEBT**

At June 30, 2015, the Agency had \$489,297 outstanding for notes payable, a decrease of \$123,547 from June 30, 2014. At June 30, 2015, the Agency had \$75,273 outstanding for capital lease purchase agreements, an increase of \$26,197 from June 30, 2014. Additional information about the Agency's long-term debt is presented in Note 6 to the financial statements.



## **ECONOMIC FACTORS**

The Agency's primary source of revenue is landfill tipping fees. Landfill tipping fees were at \$90.00 per ton in FY 2015. The tipping fees were increased July 1, 2015 to \$100.00 per ton. Operating expenditures in FY 2016 are expected to remain about the same as expenditures for fiscal year 2015.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cass County Environmental Control Agency, 65928 Jackson Road, Atlantic, Iowa 50022.

Cass County Environmental Control Agency

Statements of Net Position

June 30,

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 7,800	\$ 17,956
Accounts receivable	78,983	63,496
Prepaid insurance	<u>22,655</u>	<u>20,345</u>
Total current assets	109,438	101,797
Noncurrent assets:		
Restricted assets:		
Cash	223,932	192,978
Cash held in escrow by Cass County	<u>19,257</u>	<u>19,593</u>
	243,189	212,571
Capital assets:		
Non-depreciable capital assets	680,000	705,300
Depreciable capital assets, net	<u>1,250,793</u>	<u>1,386,451</u>
	<u>1,930,793</u>	<u>2,091,751</u>
 Total assets	 \$ <u>2,283,420</u>	 \$ <u>2,406,119</u>

The accompanying notes are an integral part of these statements.

	<u>2015</u>	<u>2014</u>
Liabilities and Net Position		
Current liabilities:		
Line of credit	\$ 20,000	\$ 20,000
Current maturities of capital leases	29,310	33,486
Current maturities of notes payable	118,598	123,984
Current portion of estimated liability for landfill closure and postclosure care costs	23,800	23,600
Accounts payable, trade	9,796	12,861
Due to other governments	14,148	19,035
Accrued interest payable	446	908
Total current liabilities	<u>216,098</u>	<u>233,874</u>
Non-current liabilities:		
Capital leases, less current maturities	45,963	15,590
Notes payable, less current maturities	370,699	488,860
Estimated liability for landfill closure and postclosure care costs, less current portion	<u>1,253,300</u>	<u>1,196,800</u>
Total non-current liabilities	<u>1,669,962</u>	<u>1,701,250</u>
Total liabilities	<u>1,886,060</u>	<u>1,935,124</u>
Net position:		
Invested in capital assets, net of related debt	1,366,223	1,429,831
Restricted for:		
Tonnage fees retained	19,257	19,593
Closure and postclosure care	223,932	192,978
Unrestricted	<u>( 1,212,052)</u>	<u>( 1,171,407)</u>
Total net position	<u>397,360</u>	<u>470,995</u>
Total liabilities and net position	<u>\$ 2,283,420</u>	<u>\$ 2,406,119</u>

Cass County Environmental Control Agency  
 Statements of Revenues, Expenses and Changes in Net Position  
 Year ended June 30,

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Solid waste fees	\$ 812,179	\$ 782,117
Recyclables	55,874	58,111
Other	<u>6,176</u>	<u>11,218</u>
Total operating revenues	874,229	851,446
Operating expenses:		
Administration	59,377	62,481
Engineering	43,722	33,194
Recycling expenses	129,228	125,955
Cover, compacting and scale expenses	169,517	157,531
Equipment	89,544	88,696
Mandated changes	3,168	27,817
Buildings and grounds	319,768	325,975
Closure and postclosure care costs	56,700	84,000
Tonnage fees to Iowa Department of Natural Resources	18,242	17,300
Employee benefits	<u>48,577</u>	<u>41,206</u>
Total operating expenses	<u>937,843</u>	<u>964,155</u>
Operating loss	( 63,614)	( 112,709)
Non-operating revenues (expenses):		
Grant revenue	20,423	17,864
Interest income	235	202
Interest expense	<u>( 30,679)</u>	<u>( 34,812)</u>
Non-operating revenues (expenses), net	<u>( 10,021)</u>	<u>( 16,746)</u>
Change in net position	( 73,635)	( 129,455)
Net position beginning of year	<u>470,995</u>	<u>600,450</u>
Net position end of year	<u>\$ 397,360</u>	<u>\$ 470,995</u>

The accompanying notes are an integral part of these statements.

## Cass County Environmental Control Agency

## Statements of Cash Flows

Year ended June 30,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from solid waste fees	\$ 796,692	\$ 789,671
Cash received from recyclables	55,874	58,111
Cash received from other revenue	6,176	11,218
Cash payments to suppliers for goods and services	( 407,762)	( 393,393)
Cash payments for contracted staff	( 202,588)	( 204,956)
Net cash provided by operating activities	<u>248,392</u>	<u>260,651</u>
Cash flows from noncapital related financing activities:		
Interest payments on line of credit	( 373)	( 324)
Fee paid on line of credit	( 3,125)	( 3,125)
Net cash used in noncapital related financing activities	<u>( 3,498)</u>	<u>( 3,449)</u>
Cash flows from capital and related financing activities:		
Cash received from grantor agency	20,423	17,864
Purchase of capital assets	( 48,160)	( 41,371)
Proceeds on note payable	20,000	31,000
Principal payments on capital leases	( 45,740)	( 69,350)
Principal payments on notes payable	( 143,547)	( 132,784)
Interest payments on long-term debt	( 27,643)	( 31,690)
Net cash used in capital and related financing activities	<u>( 224,667)</u>	<u>( 226,331)</u>
Cash flows from investing activities:		
Interest received	<u>235</u>	<u>202</u>
Net increase in cash and cash equivalents	20,462	31,073
Cash and cash equivalents at beginning of year	<u>230,527</u>	<u>199,454</u>
Cash and cash equivalents at end of year	<u>\$ 250,989</u>	<u>\$ 230,527</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash in current assets	\$ 7,800	\$ 17,956
Cash held in escrow in restricted assets	19,257	19,593
Cash in restricted assets	<u>223,932</u>	<u>192,978</u>
Total cash and cash equivalents	<u>\$ 250,989</u>	<u>\$ 230,527</u>

(continued next page)

## Cass County Environmental Control Agency

## Statements of Cash Flows - Continued

Year ended June 30,

	<u>2015</u>	<u>2014</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$( 63,614)	\$( 112,709)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	281,055	272,878
Amortization	--	16,522
Closure and postclosure care costs	56,700	84,000
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	( 15,487)	7,554
Increase in prepaid insurance	( 2,310)	( 2,156)
Increase in accounts payable, trade	( 3,065)	( 5,353)
Increase in due to other governments	( 4,887)	( 85)
Total adjustments	<u>312,006</u>	<u>373,360</u>
Net cash provided by operating activities	<u>\$ 248,392</u>	<u>\$ 260,651</u>

## Non-Cash Transactions:

The Agency also recorded the following non-cash transaction in addition to the transactions reflected in the reconciliation of operating loss to net cash provided by operating activities.

	<u>2015</u>	<u>2014</u>
Purchase of equipment with capital lease	<u>\$ 71,937</u>	<u>\$ --</u>

The accompanying notes are an integral part of these statements.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cass County Environmental Control Agency was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Cass County for use by all residents of the County.

The Agency is composed of one representative from each of the eight member cities, except that the City of Atlantic appoints one additional representative and two representatives from Cass County. The member cities are: Anita, Atlantic, Cumberland, Griswold, Lewis, Massena, Marne and Wiota. The representative of a city is appointed by the political subdivision to be represented.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Cass County Environmental Control Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Cass County Environmental Control Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Cass County Environmental Control Agency are organized as an enterprise fund. Enterprise funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments, and Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Restricted Assets - Funds set aside for payment of closure and postclosure care costs are classified as restricted.

Accounts Receivable - Accounts receivable represent amounts that are due and payable from customers but have not been collected at June 30. Management of the Agency believes the receivables will be realized without material collection losses; therefore, no allowance for uncollectible accounts exists.



Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Capital assets are accounted for at historical cost. Capital assets with lives in excess of three years and cost in excess of \$500 are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Equipment and vehicles	3-20

Interest is capitalized on qualified assets. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the years ended June 30, 2015 and 2014.

Compensated Absences - Agency's contracted staff accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. This liability is included in the amount due to other governments.

NOTE 2 - CASH AND INVESTMENTS

The Agency's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement 40.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 3 - CAPITAL ASSETS

A summary of capital assets at June 30, 2015 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land	\$ 680,000	\$ --	\$ --	\$ 680,000
Construction in progress	<u>25,300</u>	<u>8,285</u>	<u>33,585</u>	<u>--</u>
Total capital assets not being depreciated	<u>705,300</u>	<u>8,285</u>	<u>33,585</u>	<u>680,000</u>
Capital assets being depreciated:				
Land improvements	1,203,074	--	--	1,203,074
Buildings	760,684	--	--	760,684
Equipment and vehicles	<u>1,351,718</u>	<u>145,397</u>	<u>--</u>	<u>1,497,115</u>
Total capital assets being depreciated	<u>3,315,476</u>	<u>145,397</u>	<u>--</u>	<u>3,460,873</u>
Less accumulated depreciation for:				
Land improvements	676,705	121,350	--	798,055
Buildings	274,338	27,738	--	302,076
Equipment and vehicles	<u>977,982</u>	<u>131,967</u>	<u>--</u>	<u>1,109,949</u>
Total accumulated depreciation	<u>1,929,025</u>	<u>281,055</u>	<u>--</u>	<u>2,210,080</u>
Total capital assets being depreciated, net	<u>1,386,451</u>	<u>( 135,658)</u>	<u>--</u>	<u>1,250,793</u>
Total capital assets, net	<u>\$ 2,091,751</u>	<u>\$ ( 127,373)</u>	<u>\$ 33,585</u>	<u>\$ 1,930,793</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 3 - CAPITAL ASSETS - Continued

A summary of capital assets at June 30, 2014 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land	\$ 680,000	\$ --	\$ --	\$ 680,000
Construction in progress	<u>--</u>	<u>25,300</u>	<u>--</u>	<u>25,300</u>
Total capital assets not being depreciated	<u>680,000</u>	<u>25,300</u>	<u>--</u>	<u>705,300</u>
Capital assets being depreciated:				
Land improvements	1,203,074	--	--	1,203,074
Buildings	760,684	--	--	760,684
Equipment and vehicles	<u>1,335,647</u>	<u>16,071</u>	<u>--</u>	<u>1,351,718</u>
Total capital assets being depreciated	<u>3,299,405</u>	<u>16,071</u>	<u>--</u>	<u>3,315,476</u>
Less accumulated depreciation for:				
Land improvements	554,368	122,337	--	676,705
Buildings	246,601	27,737	--	274,338
Equipment and vehicles	<u>855,178</u>	<u>122,804</u>	<u>--</u>	<u>977,982</u>
Total accumulated depreciation	<u>1,656,147</u>	<u>272,878</u>	<u>--</u>	<u>1,929,025</u>
Total capital assets being depreciated, net	<u>1,643,258</u>	<u>( 256,807)</u>	<u>--</u>	<u>1,386,451</u>
Total capital assets, net	<u>\$ 2,323,258</u>	<u>\$ ( 231,507)</u>	<u>\$ --</u>	<u>\$ 2,091,751</u>

Equipment costing \$130,262 (\$345,239 in 2014) has been purchased under capital lease agreements. Accumulated depreciation on this equipment totals \$50,364 (\$197,501 in 2014), including \$20,229 (\$47,529 in 2014) of depreciation for the year ended June 30, 2015.

NOTE 4 - INTANGIBLE ASSETS

The Agency did not incur any expenses for landfill design and groundwater assessment projects during the year ended June 30, 2015. The total cost of the projects was \$379,496 and was amortized over a period of five years.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 4 - INTANGIBLE ASSETS - Continued

A summary of the intangible assets at June 30, 2015 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Intangible assets	\$ 379,496	\$ --	\$ --	\$ 379,496
Accumulated amortization	<u>379,496</u>	<u>--</u>	<u>--</u>	<u>379,496</u>
Intangible assets, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

A summary of the intangible assets at June 30, 2014 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Intangible assets	\$ 379,496	\$ --	\$ --	\$ 379,496
Accumulated amortization	<u>362,974</u>	<u>16,522</u>	<u>--</u>	<u>379,496</u>
Intangible assets, net	<u>\$ 16,522</u>	<u>\$ 16,522</u>	<u>\$ --</u>	<u>\$ --</u>

NOTE 5 - LINE OF CREDIT

The Agency entered into a line of credit agreement in the amount of \$100,000 bearing an interest rate of 4% due May 1, 2016. The primary purpose of the line of credit is to provide operating funds. As of June 30, 2015, the outstanding balance on the line of credit was \$20,000 (\$20,000 as of June 30, 2014).

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 6 - NON-CURRENT LIABILITIES

A schedule of changes in the Agency's non-current liabilities for the year ended June 30, 2015 and 2014 follows:

	Balance 2014	Additions	Reductions	Balance 2015	Current Portion
Note Payable, 2007	\$ 171,489	\$ --	\$ 55,945	\$ 115,544	\$ 53,779
Note Payable, May, 2012	414,760	--	54,083	360,677	51,743
Note Payable, March, 2014	26,595	--	13,519	13,076	13,076
	<u>612,844</u>	<u>--</u>	<u>123,547</u>	<u>489,297</u>	<u>118,598</u>
Capital Lease Obligations:					
Caterpillar	18,589	--	18,589	--	--
John Deere	30,487	--	14,897	15,590	15,590
Piccar	--	71,937	12,254	59,683	13,720
	<u>49,076</u>	<u>71,937</u>	<u>45,740</u>	<u>75,273</u>	<u>29,310</u>
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>1,220,400</u>	<u>56,700</u>	<u>--</u>	<u>1,277,100</u>	<u>23,800</u>
Total Non-Current Liabilities	<u>\$1,882,320</u>	<u>\$ 128,637</u>	<u>\$ 169,287</u>	<u>\$1,841,670</u>	<u>\$ 171,708</u>
	Balance 2013	Additions	Reductions	Balance 2014	Current Portion
Note Payable, 2007	\$ 224,897	\$ --	\$ 53,408	\$ 171,489	\$ 56,073
Note Payable, May, 2012	466,971	--	52,211	414,760	54,380
Note Payable, March, 2013	22,760	--	22,760	--	--
Note Payable, March, 2014	--	31,000	4,405	26,595	13,531
	<u>714,628</u>	<u>31,000</u>	<u>132,784</u>	<u>612,844</u>	<u>123,984</u>
Capital Lease Obligations:					
Caterpillar	73,704	--	55,115	18,589	18,589
John Deere	44,722	--	14,235	30,487	14,897
	<u>118,426</u>	<u>--</u>	<u>69,350</u>	<u>49,076</u>	<u>33,486</u>
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>1,136,400</u>	<u>84,000</u>	<u>--</u>	<u>1,220,400</u>	<u>23,600</u>
Total Non-Current Liabilities	<u>\$1,969,454</u>	<u>\$ 115,000</u>	<u>\$ 202,134</u>	<u>\$1,882,320</u>	<u>\$ 181,070</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 7 - CAPITAL LEASES

The Agency entered into a capital lease agreement with Caterpillar on November 4, 2009 for a track loader. The agreement called for monthly payments of \$4,765 for a period of 60 months at an approximate interest rate of 4.25%.

The Agency entered into a capital lease agreement with John Deere on December 9, 2011 for a tractor. The agreement requires annual payments of \$16,313 made on the 12<sup>th</sup> of December for four years including interest at 4.55%.

The Agency entered into a capital lease agreement with Piccar Financial on August 20, 2014 for a semi tractor. The agreement calls for monthly payments of \$1,323 for a period of 60 months at an approximate interest rate of 3.95%.

The following is a schedule by year of future minimum lease payments and present value of net minimum lease payments:

<u>Year Ending June 30,</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Total Minimum Lease Payments</u>
2016	\$ 29,311	\$ 2,882	\$ 32,193
2017	14,285	1,595	15,880
2018	14,873	1,007	15,880
2019	15,485	395	15,880
2020	<u>1,319</u>	<u>4</u>	<u>1,323</u>
Totals	<u>\$ 75,273</u>	<u>\$ 5,883</u>	<u>\$ 81,156</u>

NOTE 8 - NOTES PAYABLE

The Agency entered into a mortgage note payable for \$500,000 on May 22, 2007 with a local bank to finance expansion and compliance with DNR regulations. The note requires monthly payments of \$5,250, including interest at 4.75% maturing on June 1, 2017.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 8 - NOTES PAYABLE - Continued

The Agency entered into a note payable for \$26,428 on March 4, 2013 with a local bank to finance the purchase of equipment and refinance the March, 2012 note payable. The note required monthly payments of \$1,000, including interest at 4.25% maturing June 30, 2015. The note was collateralized by the equipment purchased.

The Agency entered into a mortgage payable for \$521,443 on May 7, 2012 with a local bank to finance expansion and compliance with DNR regulations. The note requires monthly payments of \$5,800, including interest at 3.9% maturing on April 1, 2021.

The Agency entered into a note payable for \$31,000 on March 6, 2014 with a local bank to finance the purchase of equipment and refinance the March, 2013 note payable. The note requires monthly payments of \$1,200, including interest at 4.25% maturing July 6, 2016. The note is collateralized by the equipment purchased.

Scheduled principal and interest payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 118,598	\$ 17,498	\$ 136,096
2017	120,359	12,353	132,712
2018	60,920	8,680	69,600
2019	63,339	6,261	69,600
2020	65,854	3,746	69,600
2021	<u>60,227</u>	<u>1,047</u>	<u>61,274</u>
	<u>\$ 489,297</u>	<u>\$ 49,585</u>	<u>\$ 538,882</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 9 - CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Agency have been estimated at \$858,903 for closure and \$812,514 for postclosure, for a total of \$1,671,417 as of June 30, 2015, and the portion of the liability that has been recognized is \$1,277,100. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Subtitle D Cell (Phase 0) began accepting waste October 1, 2007 and has an estimated remaining life of .25 years. The Subtitle D Cell (Phase 1) began accepting waste June, 2009 and has an estimated remaining life of 1 year. The Subtitle D Cell (Phase 2) began accepting waste June, 2012 and has an estimated remaining life of 2 years.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2015, assets of \$223,932 are restricted for these purposes, of which \$66,657 is for closure and \$157,275 is for postclosure care. They are reported as restricted assets and restricted net position on the Statements of Net Position.



Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 9 - CLOSURE AND POSTCLOSURE CARE COSTS - Continued

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Agency to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

NOTE 10 - SOLID WASTE TONNAGE FEES RETAINED

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2015, the unspent amounts retained by the Agency and restricted for the required purposes totaled \$19,257 (\$19,593 as of June 30, 2014).

NOTE 11 - RISK MANAGEMENT

The Cass County Environmental Control Agency is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 11 - RISK MANAGEMENT - Continued

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of the total current members' basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its operating fund at the time of payment to the risk pool. The Agency's annual contributions to the Pool were \$24,542 and \$23,624 for the years ended June 30, 2015 and 2014, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the Agency's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 11 - RISK MANAGEMENT - Continued

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with Workers' Compensation and Crime in the amount of \$1,000,000 and \$25,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - RELATED ORGANIZATION

The Agency has administrative support provided by Cass County, IA. Support provided includes contracting administrative personnel from Cass County, IA, paying expenses, debt payments, and capital acquisitions of the Agency, and maintaining the accounting records for the Agency. The Agency reimburses Cass County, IA on a monthly basis for all cash transactions from the month. Below is a list of amounts due to Cass County, IA at year end, and the transactions between Cass County, IA and the Agency during the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contracted staff wages	<u>\$ 202,588</u>	<u>\$ 204,956</u>
Contracted staff benefits	<u>\$ 98,518</u>	<u>\$ 91,478</u>
Administrative fees to Cass County, IA	<u>\$ 6,000</u>	<u>\$ 6,000</u>
Other expenses paid for the Agency by Cass County, IA	<u>\$ 323,661</u>	<u>\$ 323,133</u>
Debt payments and capital acquisitions	<u>\$ 265,090</u>	<u>\$ 275,195</u>
Payable to Cass County, IA at June 30	<u>\$ 9,138</u>	<u>\$ 14,147</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2015 and 2014

NOTE 13 - CONTINGENCIES

Line of Credit

The Agency entered into a line of credit agreement in the amount of \$1,500,000 bearing an interest rate of 5%, due April 1, 2016. The primary purpose of the line of credit is to show the Agency can demonstrate financial assurance for closure and postclosure care costs. As of June 30, 2015, the outstanding balance on the line of credit was \$ - 0 - .

Subsequent Events

Subsequent to year end, the Agency discovered leachate seeping out of the closed cell. They are in the process of determining the extent of the seepage and how it can be corrected. The Agency is working closely with their engineers and the DNR to undertake what is termed as "An Assessment of Corrective Measures." The cost associated with this process and funding have not yet been determined.

The Agency has evaluated all subsequent events through September 15, 2015, the date the financial statements were available to be issued.

\* \* \*

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members of the Cass County  
Environmental Control Agency  
Atlantic, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cass County Environmental Control Agency, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cass County Environmental Control Agency's basic financial statements and have issued our report thereon dated September 15, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cass County Environmental Control Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cass County Environmental Control Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cass County Environmental Control Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 15-I-A.

To the Members of the Cass County  
Environmental Control Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cass County Environmental Control Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Responses to Findings

Cass County Environmental Control Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Cass County Environmental Control Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gmewoll, Ben, Kyhn & Co. P.C.

Atlantic, Iowa  
September 15, 2015

Cass County Environmental Control Agency

Schedule of Findings and Responses

Year ended June 30, 2015

PART I - INTERNAL CONTROL DEFICIENCIES

15-I-A Segregation of Duties: A limited number of people have the primary responsibility for many of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Agency. This is a common deficiency among small Organizations.

Recommendation: We recognize that it may not be economically feasible for the Agency to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Agency to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

\* \* \*

PART II - INSTANCES OF NON-COMPLIANCE

No matters were reported.

\* \* \*

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

15-III-A Questionable Expenses: No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

15-III-B Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

15-III-C Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

15-III-D Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.



Cass County Environmental Control Agency

Schedule of Findings and Responses

Year ended June 30, 2015

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -  
Continued

15-III-E Solid Waste Tonnage Fees Retained: No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

15-III-F Financial Assurance: The Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(b) of the Code of Iowa. The calculation is made as follows:

	<u>Closure</u>	<u>Open Cells</u>	<u>Postclosure Closed Cells</u>	<u>Total</u>
Total estimated costs for closure and postclosure care	\$ 858,903	\$ 159,322	\$ 653,192	\$ 812,514
Less: Balance of funds held in the local dedicated fund at June 30, 2014	<u>52,660</u> 806,243	<u>10,626</u> 148,696	<u>129,692</u> 523,500	<u>140,318</u> 672,196
Divided by the number of years remaining in the pay-in period	÷ <u>3.25</u>	÷ <u>3.25</u>	<u>N/A</u>	<u>N/A</u>
Required payment into the local dedicated fund for the year ended June 30, 2015	248,075	45,752	523,500	569,252
Balance of funds held in the local dedicated fund at June 30, 2014	<u>52,660</u>	<u>10,626</u>	<u>129,692</u>	<u>140,318</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2015	<u>\$ 300,735</u>	<u>\$ 56,378</u>	<u>\$ 653,192</u>	<u>\$ 709,570</u>
Amount Agency has restricted for closure and postclosure care at June 30, 2015	<u>\$ 66,657</u>	<u>\$ 12,496</u>	<u>\$ 144,779</u>	<u>\$ 157,275</u>

The Agency uses the availability of a 5% \$1,500,000 line of credit to demonstrate the ability to meet the financial assurance requirements.

\* \* \*

Cass County Environmental Control Agency

Schedule of Findings and Responses

Year ended June 30, 2015

PART IV - OTHER COMMENT

15-IV-A Non-budgeted Expenditures: It was noted during the audit that certain non-budgeted expenditures are not being recorded on the monthly budget expense report. However, these expenditures are reviewed monthly with other budgeted expenditures and approved by the Board.

Recommendation: We recommend all expenditures be recorded on the monthly budget expense report to properly report all expenditures incurred each month. This will provide better financial reporting of the Agency's operations.

Response: All expenditures are reviewed and approved by the Board.

Conclusion: Response accepted.

\* \* \*